



p 208-673-5335 / f 208-673-6200 / e atc@atcnet.net / a 225 W. North St. Albion, ID 83311

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

June 26, 2017

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

**RE: Albion Telephone Company, Inc. SAC 472213
Submission of FCC Form 481 Annual Report
WC Docket No. 14-58 - ETC Annual Reports and Certifications**

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Albion Telephone Company, Inc. ("the Company"), Study Area Code 472213 hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Company's FCC Form 481 submitted via the FCC's Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Albion Telephone Company, Inc. hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.¹ The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

Albion Telephone Company, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the Company's financial annual report and the financial summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

¹ *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, 31 FCC Rcd 2089 (2016).

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED - FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the Universal Service Administrative Company and with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,



Rich Redman
Vice President
Albion Telephone Company, Inc.

Attachments

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Julie Laumb
<035>	Contact Telephone Number: Number of the person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	jlaumb@atccomm.com
	Form Type	54.313 and 54.422

**(300) Unfulfilled Service Request
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code

472213

<015> Study Area Name

ALBION TEL CO-RTC

<020> Program Year

2018

<030> Contact Name - Person USAC should contact regarding this data

Julie Laumb

<035> Contact Telephone Number - Number of person identified in data line <030>

2086735335 ext.

<039> Contact Email Address - Email Address of person identified in data line <030>

jlaumb@atccomm.com

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

3

472213id320.pdf

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 472213

<015> Study Area Name ALBION TEL CO-ATC

<020> Program Year 2018

<030> Contact Name - Person USAC should contact regarding this data Julie Laumb

<035> Contact Telephone Number - Number of person identified in data line
<030> 2086735335 ext.

<039> Contact Email Address - Email Address of person identified in data line
<030> jlaumb@atccom.com

<400> Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice

<410> Complaints per 1000 customers for fixed voice 0.0

<420> Complaints per 1000 customers for mobile voice

<430> Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband

<440> Complaints per 1000 customers for fixed broadband 0.0

<450> Complaints per 1000 customers for mobile broadband

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Lounb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	j1awab@atccomm.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
		472213id510.pdf
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality In Emergency Situations Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	472213
<015> Study Area Name	ALBION TEL CO-ATC
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	Julie Laub
<035> Contact Telephone Number - Number of person identified in data line <030>	2986735335 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jlaub@atccorm.com
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	4722131d610.pdf

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

[illegible]

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jLaumb@atccomm.com
<900>	Does the filing entity offer tribal land services? (Y/N)	No

<910>	Tribal Land(s) on which ETC Serves	
-------	------------------------------------	--

<920>	Tribal Government Engagement Obligation	
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Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- | | |
|-------|--|
| <921> | Needs assessment and deployment planning with a focus on Tribal community anchor institutions. |
| <922> | Feasibility and sustainability planning; |
| <923> | Marketing services in a culturally sensitive manner; |
| <924> | Compliance with Rights of way processes |
| <925> | Compliance with Land Use permitting requirements |
| <926> | Compliance with Facilities Siting rules |
| <927> | Compliance with Environmental Review processes |
| <928> | Compliance with Cultural Preservation review processes |
| <929> | Compliance with Tribal Business and Licensing requirements. |

Select Yes or No or Not Applicable

(1000) Voice and Broadband Service Rate Comparability
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

<1000>

Voice services rate comparability certification

Yes

<1010>

Attach detailed description for voice services rate comparability compliance

472213id1010.pdf

Name of Attached Document

Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1020>

Broadband comparability certification

<1030>

Attach detailed description for broadband comparability compliance

472213id1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers**Lifeline****Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@attccomm.com

472213id1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220>	Link to Public Website	HTTP
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"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2005) Price Cap Carrier Additional Documentation		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers		July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086755335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2011>	3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.		
<2022>	Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.		
<2023>	The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.		
<2024A>	Round 2 Recipient of Incremental Support?		
<2024B>	Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.		Name of Attached Document Listing Required Information
<2025A>	Round 2 Recipient of Incremental Support?		
<2025B>	Attach geocoded information for Phase I milestone reports (Round 2 for year three) - Connect America Fund, WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).		Name of Attached Document Listing Required Information
<2015>	2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)		

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(iii)(C)

Name of Attached Document Listing
Required Information

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

Yes - Attach Certification

(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	472213id3010.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	472213id3017.pdf
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

3005) Date Of Return Carrier Additional Documentation (Consumer)	
Data Collection Form	
FCC Form 33	
OMB Control No. 3060-9955 O/E Order C-3030-032	
7/2015	

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ACC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com



- Financial Data Summary
- (3027) Revenue
 - (3028) Operating Expenses
 - (3029) Net Income
 - (3030) Telephone Plant In Service(TPIS)
 - (3031) Total Assets
 - (3032) Total Debt
 - (3033) Total Equity
 - (3034) Dividends

Name of Attached Document Listing Required Information

<010>	Study Area Code	472211
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laurb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaurb@atccomm.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information _____

**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ALBION TEL CO-ATC	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier: 472213	Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code	472213
<015> Study Area Name	ALBION TEL CO-ATC
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035> Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<210> For the prior calendar year, were there any reportable voice service outages?

Yes

[illegible]

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 472213
<015> Study Area Name ALBION TEL CO-ATC
<020> Program Year 2018
<030> Contact Name - Person USAC should contact regarding this data Julie Laumb
<035> Contact Telephone Number - Number of person identified in data line <030> 2086735335 ext.
<039> Contact Email Address - Email Address of person identified in data line <030> jlaumb@atccomm.com

<701> Residential Local Service Charge Effective Date 1/1/2017
<702> Single State-wide Residential Local Service Charge

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CEIC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
ID	ALBION		FR	25.76	0.0	0.12	0.0	25.88
ID	ALBION 1		MS	18.0	0.0	0.12	0.0	18.12
ID	ALBION2		MS	18.0	0.0	0.12	0.0	18.12
ID	ALMO		FR	25.76	0.0	0.12	0.0	25.88
ID	ALMO1		MS	18.0	0.0	0.12	0.0	18.12
ID	ALMO2		MS	18.0	0.0	0.12	0.0	18.12
ID	ARCO		FR	25.76	0.0	0.12	0.0	25.88
ID	ARCO1		MS	18.0	0.0	0.12	0.0	18.12
ID	ARCO2		MS	18.0	0.0	0.12	0.0	18.12
ID	ELBA		FR	25.76	0.0	0.12	0.0	25.88
ID	ELBA1		MS	18.0	0.0	0.12	0.0	18.12
ID	ELBA2		MS	18.0	0.0	0.12	0.0	18.12
ID	HOLBROOK		FR	25.76	0.0	0.12	0.0	25.88
ID	HOLBROOK1		MS	18.0	0.0	0.12	0.0	18.12
ID	HOLBROOK2		MS	18.0	0.0	0.12	0.0	18.12
ID	HOWE		FR	25.76	0.0	0.12	0.0	25.88
ID	HOWE1		MS	18.0	0.0	0.12	0.0	18.12
ID	HOWE2		MS	18.0	0.0	0.12	0.0	18.12
ID	MACKAY		FR	25.76	0.0	0.12	0.0	25.88
ID	MACKAY1		MS	18.0	0.0	0.12	0.0	18.12
ID	MACKAY2		MS	18.0	0.0	0.12	0.0	18.12

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

ilaumb@atccomm.com

1/1/2017

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<703>

[illegible]

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

[illegible]

Response Line 320
Albion Telephone Company, Inc.
Study Area 472213

Broadband Network

We had three unfulfilled requests for Broadband services. Two of the customers currently have voice service with us but they are over 5 miles from our nearest cabinet. The third customer does not have voice service with us and only requested broadband and is also over 5 miles from our nearest cabinet. They are too far out for a modem to sync up. Notified the customers of the situation.

Response Line 510
Albion Telephone Company, Inc.
Study Area 472213

Voice Network

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Albion Telephone Company, Inc. ("ILEC") is in compliance with appropriate FCC Service Quality Standards and Consumer Protection Rules. ILEC provides CPNI training to all of its new employees and in addition trains all of its existing employees on an annual basis. ILEC also conducts subscriber outreach regarding CPNI by placing CPNI explanation onto its website at www.atcnet.net which informs subscribers about CPNI rules and explains Idaho Public Utility commission rules regarding customer relations. In addition ILEC trains staff on Red Flag issues on an annual basis. All company employees are required to sign and acknowledge that they have completed CPNI and Red Flag training and understand obligations to adherence of applicable rules.

ILEC also outlines its rates, terms, and conditions under which ILEC offers service in its Local Exchange Tariff. The tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. ILEC keeps its tariffs available for public inspection at its business offices. The Idaho State Public Utilities Commission sets the standards for voice service and the ILEC meets these standards.

Broadband Network

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Albion Telephone Company, Inc. ILEC is in compliance with applicable FCC Service Quality Standards and Consumer Protection Rules. ILEC trains staff on applicable rules for broadband services issues on an annual basis. In addition ILEC has placed on its website at www.atcnet.net its network management, network performance, and commercial terms of service, in compliance with the FCC's Open Internet Rules.

ILEC also outlines its rates, terms, and conditions under which ILEC offers Broadband service in NECA Tariff #5 to Internet Service Providers ("ISP"). The Tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Public inspection of NECA Tariff #5 can be found on NECA's website. Retail DSL rates, terms, and conditions for retail services are provided by the ISP.

Response Line 610
Albion Telephone Company, Inc
Study Area 472213

Functionality in Emergency Situations:

Voice Network

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Albion Telephone Company, Inc. ("ILEC") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to ILEC central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power. In addition, ILEC field electronics have 8 to 12 hours of back-up power by use of generators and batteries. ILEC also has ERP, SONET, DWDM, and MPLS technology deployed in its core fiber optic network that is a self-healing and will automatically reroute traffic should a fiber cut occur. ILEC has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. ILEC also has proper staff in place to repair any fiber cuts in a timely manner. ILEC has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. ILEC has developed and trained its staff on network preparedness plans in case of emergency situations. ILEC is prepared and capable of managing traffic spikes resulting from emergency situations and has sufficient switching capabilities to handle such situations.

Broadband Network

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Albion Telephone Company, Inc. ("ILEC") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to ILEC central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power that is also used to provide service to the broadband network. In addition, ILEC field electronics have 8 to 12 hours of back-up power by use of generators and batteries. ILEC also has ERP, SONET, DWDM, and MPLS technology deployed in its core fiber optic network that is a self-healing and will automatically reroute broadband traffic should a fiber cut occur. ILEC has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. ILEC also has proper staff in place to repair any fiber cuts in a timely manner. ILEC has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. ILEC has developed and trained its staff on network preparedness plans in case of emergency situations.

Response to Line 1010
Albion Telephone Company, Inc.
472213

Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Albion Telephone Company, Inc. ("ATC") is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$49.51 as specified in Public Notice DA 17-167 issued on February 16, 2017. ATC's current total local end-user rate of \$32.26 (which includes a local fee of \$0.00, mandated state fee of \$0.12 federal SLC fee, surcharges and any EAS) is not above the standard deviation as specified in the USF/ICC Transformation Order.

Response to Line 1030
Albion Telephone Company, Inc.
472213

Broadband Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (11) Albion Telephone Company, Inc. ("ATC") charges a residential rate of \$59.95 for broadband providing 10 Mbps download, 10 Mbps upload, and an unlimited usage allowance. This rate is lower than \$79.05, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.

Response to Line 1210
Albion Telephone Company, Inc.
472213

Terms & Conditions of Voice Telephone Lifeline Plans

Lifeline Assistance Program

Low-income individuals eligible for Lifeline telephone assistance programs may be eligible for discounts from these basic local service charges through state specified telephone assistance plans. Hearing impaired customers may access the Relay Idaho for TTY service by calling a toll free number at 1-800-377-3529. There is no extra charge for this service.

TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Residential customers of Albion Telephone Company, Inc. d/b/a ATC Communications ("the Company") who qualify for the Lifeline Program receive a discount of \$11.75 on local voice telephony service (\$9.25 federal discount + \$2.50 state discount).

For all of the Company's exchanges, the Lifeline single-line residential local rate, including any mandatory extended area service charge and the federal subscriber line charge is \$14.01 (\$25.76 standard rate - \$11.75 discount) or Measured Service or Safety Line \$6.25 (\$18.00 standard rate - \$11.75 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for local calls made within the local calling area. Measured Service customers, including Lifeline customers have unlimited minutes of incoming calls and 90 minutes of outgoing calls made within the local calling area. Safety Line customers, including Lifeline customers have 500 minutes of incoming calls and 10 minutes of outgoing calls made within the local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer's choosing. Customers may also elect to subscribe to toll blocking at no charge.

Lifeline Program reductions do not apply to additional services such as information-related services and custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

ELIGIBILITY OF LIFELINE ASSISTANCE PROGRAM

Any residential customer who is: Head of the household, Income eligible (income cannot exceed 135% of federal poverty guideline) or a participant in one of the following federal assistance programs: Medicaid, Supplemental Nutrition Assistance Program (Food Stamps or SNAP), Supplemental Security Income (SSI), Federal Public Housing Assistance (Section 8), Low-Income Home Energy Assistance Program (LIHEAP), Temporary Assistance to Needy Families (TANF), National School Lunch Program's Free Lunch Program, Head Start.

Lifeline service is limited to one discount per household. A household is everyone who lives in the home (including children and people who are not related to the customer) and shares income and household expenses (bills, food, etc.). A customer with Lifeline service may not transfer the Lifeline benefit to any other person. Lifeline is a nontransferable benefit.

To make sure that our customers continuously receive quality service, any service problems can be reported to ATC Communications twenty-four hours a day, seven days a week. Basic services are offered at the rates, terms and conditions specified in the Company's tariff on file with the Idaho Public Utility Commission. If you have questions or seek additional information regarding the Company's services or rates, please call ATC Communications' business office at 208-673-5335.

Response to Line 3010
Albion Telephone Company, Inc.
472213

Certification of Public Interest Obligations

Pursuant to 47 C.F.R. § 54.202(a) Albion Telephone Company, Inc. ("ATC") provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas, and that requests for such service are met within a reasonable amount of time.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS		This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER NAME Albion Telephone Company (Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2016	BORROWER DESIGNATION ID0504
CERTIFICATION			
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.			
ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.			
DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.			
<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report			
Richard Redman		3/27/2017	
		DATE	
A. BALANCE SHEET			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT ASSETS		CURRENT LIABILITIES	
1. Cash and Equivalents		25. Accounts Payable	
2. Cash-RUS Construction Fund		26. Notes Payable	
3. Affiliates:		27. Advance Billings and Payments	
a. Telecom, Accounts Receivable		28. Customer Deposits	
b. Other Accounts Receivable		29. Current Mat. L/T Debt	
c. Notes Receivable		30. Current Mat. L/T Debt-Rur. Dev.	
4. Non-Affiliates:		31. Current Mat.-Capital Leases	
a. Telecom, Accounts Receivable		32. Income Taxes Accrued	
b. Other Accounts Receivable		33. Other Taxes Accrued	
c. Notes Receivable		34. Other Current Liabilities	
5. Interest and Dividends Receivable		35. Total Current Liabilities (25 thru 34)	
6. Material-Regulated		LONG-TERM DEBT	
7. Material-Nonregulated		36. Funded Debt-RUS Notes	
8. Prepayments		37. Funded Debt-RTB Notes	
9. Other Current Assets		38. Funded Debt-FFB Notes	
10. Total Current Assets (1 Thru 9)		39. Funded Debt-Other	
NONCURRENT ASSETS		40. Funded Debt-Rural Develop. Loan	
11. Investment In Affiliated Companies		41. Premium (Discount) on L/T Debt	
a. Rural Development		42. Recquired Debt	
b. Nonrural Development		43. Obligations Under Capital Lease	
12. Other Investments		44. Adv. From Affiliated Companies	
a. Rural Development		45. Other Long-Term Debt	
b. Nonrural Development		46. Total Long-Term Debt (36 thru 45)	
13. Nonregulated Investments		OTHER LIAB. & DEF. CREDITS	
14. Other Noncurrent Assets		47. Other Long-Term Liabilities	
15. Deferred Charges		48. Other Deferred Credits	
16. Jurisdictional Differences		49. Other Jurisdictional Differences	
17. Total Noncurrent Assets (11 thru 16)		50. Total Other Liabilities and Deferred Credits (47 thru 49)	
PLANT, PROPERTY, AND EQUIPMENT		EQUITY	
18. Telecom, Plant-In-Service		51. Cap. Stock Outstand. & Subscribed	
19. Property Held for Future Use		52. Additional Paid-in-Capital	
20. Plant Under Construction		53. Treasury Stock	
21. Plant Adj., Nonop. Plant & Goodwill		54. Membership and Cap. Certificates	
22. Less Accumulated Depreciation		55. Other Capital	
23. Net Plant (18 thru 21 less 22)		56. Patronage Capital Credits	
24. TOTAL ASSETS (10+17+23)		57. Retained Earnings or Margins	
		58. Total Equity (51 thru 57)	
		59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	

Total Equity = 54.00% of Total Assets

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Page 1 of 6

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION ID0504
INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2016

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

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USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		ID0504
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2016
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain) Change in Accrued Property Tax Accrual		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
13. Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain) Net Retirement of Assets		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		
30. Ending Cash		

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MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Albion Telephone Company, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Albion Telephone Company, Inc. (Company) and subsidiary, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Syringa Networks, LLC, the investment in which, as discussed in Note 2, is accounted for by the equity method of accounting. The investment in Syringa Networks, LLC was [REDACTED] and \$[REDACTED] as of December 31, 2016 and 2015, respectively, and the equity in its net income (loss) was [REDACTED] and [REDACTED], respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Syringa Networks, LLC, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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REPORT OF INDEPENDENT AUDITORS
(continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Albion Telephone Company, Inc. and subsidiary as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017, on our consideration of Albion Telephone Company, Inc. and subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albion Telephone Company, Inc. and subsidiary's internal control over financial reporting and compliance.

Moss Adams LLP

Spokane, Washington
March 1, 2017

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Thank You!

- Another great audit! We appreciate all the hard work by the accounting team to have everything prepared for us.

Audit wrap

- Final trial balances and journal entries by February 21st
- Final reports - timing will depend on Syringa Networks
- Board meeting?

2017 Audit

- Timing with Syringa Networks
- Request Cheri has access to Laurie and Olsen Theilen for tax planning

2016 AUDIT COMMENTS**Inventory**

We noted in the inventory listing that there are several Calix cards that have a negative paid for value. Based on our discussions with Rick, this issue appears to be driven by the process he is using to track cards that are returned for warranty repair. While it's great that he's being diligent in tracking where all the cards are, this is causing some unintended negative consequences with the inventory values. We recommend you work with CTI to adjust the values to reflect the actual amounts on hand and paid for to ensure the balances are accurately reflected in the general ledger. Inventory procedures should be modified to prevent this from occurring in the future. The simplest way to address this is track the cards returned in a spreadsheet (or some other document) rather than utilizing the inventory system.

RUS cushion of credit program

As an RUS borrower, the Company has the option to participate in the RUS Cushion of Credit program. This program allows borrowers to deposit funds in an account that can be used to fund future principal and interest payments on long-term debt. The account earns 5% interest, but the balance must be used for principal and interest payments on the outstanding RUS debt. If the Company is in a position where it has excess cash, it can use the cushion of credit program to earn a much higher interest rate on the funds that will be used to pay down long-term debt rather than keeping the funds in a general checking or sweep account.

Internal control testing

The purpose of our audit was to express an opinion on the financial statements and not to express an opinion on the effectiveness of internal control. That said, our audit procedures included

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consideration of internal control over financial reporting and procedures to test the effectiveness of internal controls that impact other procedures we perform to complete the audit.

Adjusting journal entries identified during the audit (and attached to this memo) are generally linked to a control deficiency.

- o We have reviewed the cause of all proposed and actual adjusting journal entries and determined that they do not rise to the level of significant deficiencies or material weaknesses.

Reform Implementation

Data Only Offering -- Now or Never?

As you are likely aware, the new Connect America Fund Broadband Loop Support (CAF BLS) now supports consumer broadband only loops (CBOL). Based on preliminary analysis we've run for several companies, offering a data only service may only be revenue enhancing if you act quickly on rolling out the service and are aggressive with converting customers away from a voice offering. In order to be included in the tariff for July - December, a decision needs to be made and NECA notified by March 31st.

The following are strategies we've seen other companies implement to make the transition to data only:

- Convert all voice customers from a traditional voice service to VoIP
- Pricing the data only service to be comparable to a customer's previous bundled phone/internet package price as the majority of customers are willing to pay more for Internet
- Increasing speeds offered to increase revenues

If you are interested in exploring this further, we can run scenarios to determine if it's in the company's interest to pursue.

Capital Investment Allowance

The Company is now subject to two caps on capital expenditures - the annual allowed loop plant investment (AALPI), which represents the total loop investment that you can recover in a year. Support is limited to the AALPI. Any amount you are over the AALPI in a given year can be carryforward to a future year when you are below the cap [REDACTED]. The second cap is a construction limit per location [REDACTED]. If a project exceeds the limit, no support will be provided for the entire project. Both of these caps present complexity for the accounting department along with the opportunity to be creative. As you plan your capital budget for the future, it's important to track both caps so there are no surprises at the end of the year. It will also require that plant and accounting work more closely together to determine what the priorities for projects are going forward.

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The AAPLI calculation is the limit on loop plant not total plant additions as total additions will also be allocated to the switched and special access revenue requirements. It's important to work with your cost consultant to ensure you understand how the dollars you spend in a given year will be allocated. In the event you are over the cap, you will be required to track those additions separately including the associated accumulated depreciation and depreciation expense as you cannot recover on those costs until the Company is under the limit. Once you are eligible to begin including the amounts in your common line requirement, the support isn't retroactive.

The construction limit per location is on a project basis. Any project that is over the limit will receive no CAF BLS or HCLS support. Historically, the industry has considered a work order and a project to be the same. This is not the case for the construction limit. The FCC has not provided guidelines on what constitutes a project so it is up to your discretion on how you define it. It may be one work order or a combination of work orders. A project could also span over several years. A location does not have to be an existing customer - it is anywhere that you can provide service upon reasonable request. The challenge will be defining a project to ensure that it covers enough locations to stay under the limit and tracking it. Tracking the work orders that comprise a project could either be maintained in a spreadsheet/database or each work order number could have an identifier that ties it back to the overall project. It's also important that you implement a procedure to begin mapping locations and updating them monthly as you'll soon be required to report information on locations passed and served.

The biggest hurdle in determining if a request is reasonable is essentially a financial decision. The definition provided by the FCC is as follows:

- Incremental cost of deploying broadband should not exceed revenues from upgraded line, including federal and state universal service support
- Incremental cost may not cause support to exceed the \$250 per line per month cap
- No obligation to provide broadband to census blocks with an unsubsidized competitors

For purposes of counting a customer as served, the location can be included if you can provide service at the required speeds within 10 days.

Minor Item vs. Retirement Unit

With the new limitations on plant additions, companies that are near the caps are exploring ways to expense more construction dollars. One strategy to consider is being more aggressive with defining minor items versus retirement units. This would only apply to replacement of existing facilities as the capitalization thresholds for new construction need to continue to follow Part 32. A retirement unit requires a retirement entry when it is replaced. The benefit to defining minor items is it allows you to expense all the costs you incur in replacing the assets. A minor item does not require a retirement entry in the g/l or the CPR's. The FCC does not have any specific rules on what meets the definition of a minor item - it's up to each Company to determine what is material

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to its operations. The following are a couple of common examples of minor items verses retirement units:

- Buildings – all the individual components of a building could be tracked individually or the entire building could be considered the retirement unit. If the building is the retirement unit, any replacements to the roof, HVAC system, carpet, etc. could all be expensed as a minor item.
- Pedestals – every pedestal could be tracked and retired when replaced or could be included as a component of fiber. If the fiber is the retirement unit, the costs of replacing a pedestal could all be expensed.

Lifeline Update

With the new lifeline regulations that were implemented in 2016, our initial understanding was all companies would be required to offer a data only service to lifeline recipients. The FCC has recently provided clarification on this and data only service only needs to be available to lifeline recipients if data only service is part of your service offerings.

New Rules, Developments, and Accounting Alerts

Expenses

During 2016, the FCC issued clarifying guidance on expenses that are eligible for universal service support. The underlying principal is the universal service support should only be used for the "provision, maintenance, and upgrading of facilities and services for which the support is intended". This clarification doesn't preclude a company from spending money on these items but merely changes the expectation that they be accounted for as non-regulated activities. The guidance provides a list of expenses (not an all-inclusive) that may not be recovered through universal service support and includes the following:

- Personal travel
- Entertainment, alcohol, and food to celebrate personal events (weddings, birthdays, retirements), employee gifts
- Contributions (political and charitable)
- Scholarships
- Penalties or fines
- Membership fees and dues in clubs and organizations
- Personal expenses of employees, board members, family members

Several of the items on the list are not clear cut on what can be included as regulated expenses. We recommend you review the accounting for items that seem more black and white and use your judgment on the remaining items.

Revenue Recognition

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We're now only a couple of years out from the effective date (years beginning after December 15, 2018) of the revenue recognition standards. The overarching principal is revenue is recognized when a performance obligation is met. This could require that what has traditionally been viewed as one service, may actually have several performance obligations built into a sales price. While we are not anticipating this to have a significant impact on telecommunications providers, there are a couple of areas that we may see some modifications. The biggest impact may ultimately relate to expenses rather than revenues. The list below is only a few examples.

The revenue standard requires that incremental costs to obtaining a contract be deferred (example – commissions). Other costs that have been considered incremental costs will no longer be deferred because they are now considered a performance obligation (example – handset costs). Additional guidance is also included regarding the accounting for bundle discounts.

We'll continue to provide more information in the upcoming year.

Leases

The FASB modified its rules on leasing which will result in substantially all leases recognized on the balance sheet as a right-of-use asset (likely a/c 1410) with a corresponding lease liability. The standard will be effective for years beginning after December 15, 2019, with early adoption permitted. The key provision when determining if an agreement meets the lease criteria is that a contract must specify the use of an identified asset. For example, if an agreement states that all traffic must be carried on Fiber A it is a lease because a specific asset was identified. However, if the agreement is traffic has to get from point A to point B in any manner of the carrier's choosing, it is not a lease because no specific asset was identified.

There will continue to be two types of leases under the new standard with both being recorded at present value. The primary difference between the two types of leases is how expense is recognized. Expense on finance leases will be recognized as amortization expense and interest expense (similar to debt amortization) and operating leases will be recognized on a straight-line basis to the applicable expense account.

While the new standard does not take effect for a couple of years, now is the time to begin gathering data. We recommend that you take inventory of all agreements that are in place as payments are made over the course of the year and identify the assets the Company is utilizing. Once the list is compiled, we can review it together to ensure we are in agreement on the items that will be accounted for as a lease going forward. We'll be providing more information on this change in the upcoming year.

Income Tax Comments

Depreciation

Congress decided just before the end of 2015 to once again extend the provisions of bonus depreciation through 2019 with phase downs over the time period. The modification allows 50% bonus depreciation through 2017, with reductions to 40% in 2018 and 30% in 2019. As the phase

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down begins, the income tax liabilities generated from bonus depreciation will begin reversing and result in increased taxable income.

Presidential Change

With election of President Trump, Republican Congressional leaders are likely to implement significant tax changes. The following are some notable results of the potential tax reform:

- Rate reduction – corporate rates are likely to be reduced, potentially as low as a 15% rate. Whether or not the rate is reduced to 15%, it is expected that there will be an overall reduction. As such, if it is possible to accelerate deductions into 2016 and defer income to 2017, this should result in the most favorable tax results.
- Deferred tax impact – with the reduction in rate there will be an impact on deferred taxes that will be recognized on the date the rate reduction is effective.
- Corporate Alternative Minimum Tax – It is expected that the corporate alternative minimum tax (“AMT”) will be repealed.

The expectation is that there could be even more changes that occur. Our tax team will correspond with you going forward as the changes associated with the potential tax reform become more clear.

Filing Deadline Changes

As you prepare to file your tax returns for 2016, several federal due dates have changed that may impact you. The main objective is to ease the burden on those returns needing a K-1. The following are the most significant changes:

- Corporations now due April 15th (formerly March 15th)
- Partnerships now due March 15th (formerly April 15th)

Seminar Update

We're excited to announce 2 new seminars available in May 2017.

- USF Reform Workshop – now that the dust has mostly settled on A-CAM, CAF BLS, CBOL service, buildout obligations, the capital investment allowance, budget control mechanisms, etc., it's time to start planning and implementing the practical applications necessary to comply with these rules and strategic responses to be successful in the future. This workshop will cover implementation strategies for both A-CAM and legacy support elections.
- Managing Telecom Operational and Cybersecurity Risks - technology is critical not only to running your business but also protecting your critical assets, customers, employees, and community. As you've regularly heard in the news, cybersecurity continues to be an increasing, complex risk. A successful business continuity plan should regularly assess both operational and cybersecurity risks no matter how well the organization is performing.

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We're also planning to add a workshop on implementing the new lease and revenue recognition standards in November 2017.

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COMMUNICATION WITH THOSE CHARGED WITH CORPORATE GOVERNANCE**Our responsibility under U.S. Generally Accepted Auditing Standards**

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Sensitive accounting policies and estimates

- Depreciation, Part 64 adjustments

Difficulties encountered in performing the audit

None

Corrected and uncorrected misstatements

See attached lists.

Disagreements with management

None

Management representations

We have requested certain representations from management that are included in the management representation letter dated as of the report date.

Management consultations with other independent accountants

None

Other audit findings or issues

No significant findings

Internal control deficiencies

No material weaknesses

Items communicated to RUS

No items to report

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Communication

Emailed and discussed with Rich Redman and Julie Laumb on 2/2/17

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